



HM Treasury

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Subject: Reforms to the spending control and accountability framework

Dear Accounting Officer

Contact

Please address enquiries to TOAEnquiries@hmtreasury.gov.uk

Action

Note and implement the changes associated with the reforms to the spending control and accountability framework announced alongside Budget 2025.¹ This includes new delegated authority letters, new guidance and new memoranda of understanding.

Context

In response to the final report of the Office of Value for Money (OVfM) the Treasury has implemented a wide reaching set of reforms to the spending control and accountability framework. The objective of these reforms is to create a framework that speeds up decision-making, drives better value for money, and enables the public sector to deliver the government's priorities efficiently. These are intended to reshape the relationship between the centre of government and departments. These reforms will help to deliver a more productive and agile state, where the decisions that are critical to delivering government business can be taken quickly, efficiently, and without duplication.

This includes resetting controls and approval limits set by the centre of government, so departments are responsible for day-to-day decision-making and can be held accountable for those decisions. In parallel, departments will need to streamline their own internal approval processes to speed up delivery. The reforms will require predictable transparency

¹ <https://www.gov.uk/government/publications/reforming-the-spending-control-and-accountability-framework>

from departments to Parliament, to support better scrutiny of value for money and efficiency. The centre of government will be freed up to focus on oversight of the biggest risks and priorities, ensuring a stronger central grip on the government's overall strategy.

As part of the reforms, departments will receive new delegation letters from the Treasury, in most cases delegating authority to spend at higher levels than previously. In addition, each department will agree a new memorandum of understanding with the Treasury, setting a new approach to the relationship; based on openness, early engagement and proactive collaborative working. To assist departments operating under these new arrangements, the Treasury will also produce additional guidance to provide greater clarity about specific categories of spending, reducing the requirement for Treasury involvement in the approval of low value or otherwise uncontroversial spend.

The Treasury's responsibilities regarding the control of public spending, including providing authority for spending, and setting the framework and rules governing spending, are designed to ensure the effective running of government, including compliance with Parliamentary expectations regarding the use of public money. Parliamentary expectations are enforced through Treasury control, and Parliament expects the Treasury to exercise control to enforce its expectations. These reforms to the spending control framework should be considered in this context.

The underlying expectations about the appropriate use of public money remain unchanged: compliance with Parliamentary expectations (as set out in Managing Public Money and associated documents); compliance with rules and frameworks to ensure fiscal sustainability and good practice; effective, efficient and economical policy making; ensuring affordability of expenditure within agreed budgets; ensuring coherence of individual departmental policies with wider government objectives – all remain of paramount importance.

The reforms aim to remove duplication of work, and ensure clear accountability for decisions. Rather than relying on Treasury control to guarantee these features of good government, the greater part of responsibility for these expectations will sit with departments and their accounting officers, in line with the long-standing principles set out in Managing Public Money.

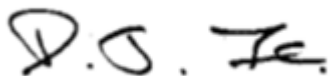
Fewer individual cases will be required to obtain specific Treasury consent, but greater transparency will mean more Treasury participation and scrutiny of departments' internal committees, processes and management information. Fewer cases will therefore receive additional scrutiny by the Treasury. This means that, as accounting officers, you will be responsible for ensuring that expected standards are met through:

- appropriate internal governance structures
- effective finance and other functions, well connected to your departments' policy teams
- an open and productive culture, working effectively and in good faith with both other government departments and the Treasury
- a commitment to the Civil Service values of integrity, honesty, objectivity and impartiality.

As ever, the accounting officer's duties are to ensure high standards of probity in the management of public funds, including that expenditure is regular, proper, value for money and feasible. As ever, the accounting officer's judgment on value for money should be made by reference to the explicit objectives that ministers set for the particular proposal, and for

the Exchequer as a whole. Where ministers' policy objective imposes costs on the wider economy or to other departments, it is the accounting officer's duty to identify those costs and bring them to the attention of the relevant department so that ministers may clarify the relative priority of different objectives for the government as a whole.

These expectations and requirements are not new, rather representing a rebalancing, placing greater emphasis on departments' own governance arrangements, and focussing the Treasury's contribution on enhancing strategic control of public spending as a whole. Accounting officers should work with the Treasury and the central functions to identify capability gaps and address these appropriately. Departmental processes should already be sufficient to manage these risks, but Accounting Officers should ensure that they remain confident in their organisation's ability to manage these issues.

A handwritten signature in black ink, appearing to read 'D. S. Fe.' with a stylized flourish at the end.

David Fairbrother

Treasury Officer of Accounts